

IN THE UNITED STATES DISTRICT COURT  
FOR THE EASTERN DISTRICT OF MICHIGAN

VOLKSWAGEN GROUP OF  
AMERICA, INC., a New Jersey  
corporation,

Plaintiff,

vs.

CANDYLAB TOYS, a New York  
business entity,

Defendant.

Civil Action No. 22-11471

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**COMPLAINT FOR TRADEMARK INFRINGEMENT AND  
COUNTERFEITING, FALSE DESIGNATION OF ORIGIN, AND  
TRADEMARK DILUTION**

Plaintiff Volkswagen Group of America, Inc. (“VWGoA” or “Plaintiff”), for  
its claims against defendant Candylab Toys (“Candylab”), alleges as follows:

## **SUBSTANCE OF THE ACTION**

1. This suit arises from Candylab's unauthorized misappropriation, counterfeiting, and infringement of Volkswagen AG's distinctive and world-famous trademark and trade dress in the iconic VW Microbus® depicted below:



2. Candylab has marketed and sold a knockoff toy version of the VW Microbus® depicted below:



3. Plaintiff alleges claims for federal trademark infringement and counterfeiting, false designation of origin or sponsorship, and federal trademark

dilution under Sections 32(1), 43(c), and 43(a) of the United States Trademark Act of 1946 (the “Lanham Act”), as amended by the Trademark Counterfeiting Act of 1984 (15 U.S.C § 1116(d)), 15 U.S.C. §§ 1114(1), 1125(a), and 1125(c).

### **THE PARTIES**

4. Plaintiff Volkswagen Group of America, Inc. (“VWGoA”) is a New Jersey corporation with a place of business at 3800 Hamlin Rd, Auburn Hills, Michigan. VWGoA is the exclusive U.S. importer of cars manufactured by Volkswagen AG (“VW”) and is tasked with the responsibility of protecting the trademarks of VW in the United States.

5. Upon information and belief, defendant Candylab Toys is a New York business entity with a place of business at 174 Hudson St. 4th Floor New York, New York 10013.

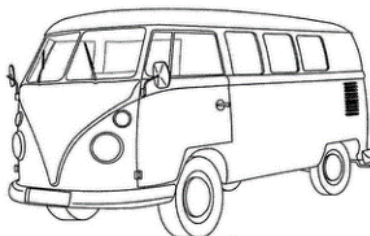
### **JURISDICTION AND VENUE**

6. This Court has subject matter jurisdiction over the federal trademark infringement, trademark dilution, and false designation of origin claims under 28 U.S.C. §§ 1331 and 1338(a).

7. This action arises out of wrongful acts committed by Candylab that are intentionally targeted at Plaintiff in this District that subject Candylab to personal jurisdiction here.

### **FACTUAL BACKGROUND**

8. VW obtained U.S. Trademark Registration No. 3,774,873 for the VW Microbus® depicted below on January 26, 2010:



A true and correct copy of U.S. Trademark Registration No. 3,774,873 is attached hereto as Exhibit A. U.S. Trademark Registration No. 3,774,873 is valid, unrevoked, subsisting, and incontestable, and constitutes prima facie evidence of VW's exclusive ownership of the VW Microbus® trademark. U.S. Trademark Registration No. 3,774,873 is registered in Class IC 028 for toys.

9. VW has expended millions of dollars in advertising, promoting, enforcing, and developing the VW Microbus® trademark throughout the world including licensing this trademark for toys and similar products. As a result of VW's efforts, the trade dress of the VW Microbus® is distinctive and has been described as one of "VW's most famous vehicle[s], and it is one that is still instantly recognizable today..." CarGurus.com, Volkswagen Microbus History, <http://www.cargurus.com/Cars/Overview-d913-Volkswagen-Microbus.html>. Recently, the VW Microbus was described as "one of the most recognizable vehicles ever made. The VW bus wasn't only a hit in post-war Germany, as its

popularity stretched across the Atlantic to the U.S. where it became a counterculture icon of the 1960s. Though it had its U.S. heyday in the 1960s, the van's history stretches before and after this time period, with tons of enthusiasts and collectors all around the world. <https://raybuck.com/vw-bus-transporter-history/.html>. Accordingly, the VW Microbus® trademark is world famous and has acquired secondary meaning.

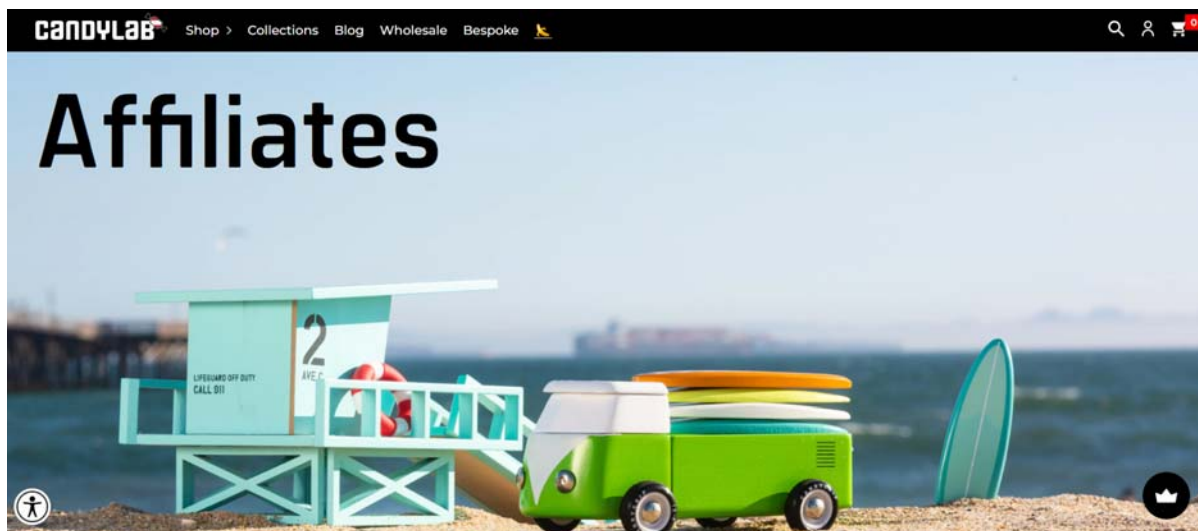
10. Plaintiff exercises quality control over its licensees of the VW Microbus® trademark in order to ensure the consistency and quality of products using the VW Microbus® trademark and to otherwise maximize the goodwill and economic value of the VW Microbus® trademark. As a result, VW has established inestimable goodwill in the VW Microbus® trademark.

***Candylab's Violations of VW's Trademark Rights***

11. This is a quintessential case of trademark counterfeiting and infringement. Subsequent to VW's development and use of the VW Microbus® trademark, Candylab began advertising and selling knockoff VW Microbus® toys as depicted below:



12. Moreover, Candylab advertised on its “Affiliates” page as follows:



13. Candylab's use of the VW Microbus® trademark in conjunction with the advertisement, promotion, and sale of Candylab's products constitutes a misappropriation of the VW Microbus® trademark and associated goodwill and is likely to cause potential purchasers of Candylab's products, as well as the public at large, to believe that Candylab's goods and services are affiliated with, authorized, sponsored, or endorsed by VW.

14. Candylab's unauthorized and unlawful use of the VW Microbus® trademark or confusingly similar versions thereof, dilutes, tarnishes, and whittles away the distinctiveness of the VW Microbus® trademark. The unauthorized use and display of the VW Microbus® trademark by competitors of VW, such as Candylab, causes serious harm to VW because it lessens the capacity of the VW Microbus® trademark to designate VW as the source of the goods and services provided by VW and its licensees. Such unauthorized use also irreparably harms VW because VW is not able to control the quality of the knockoff products Candylab markets and sells.

15. Candylab has used the VW Microbus® trademark and intentionally similar versions thereof with actual knowledge of VW's prior adoption and use of the VW Microbus® trademark. Candylab has ignored several opportunities to resolve this matter, leaving Plaintiff with no choice but to file this suit.

16. Candylab has carried out such acts with the intent to mislead and

deceive consumers and the public in general. In so doing, Candylab has caused irreparable damage to the VW Microbus® trademark and to the goodwill of VW in the VW Microbus® trademark.

17. Counsel for VWGoA sent Candylab a cease and desist letter on March 18, 2022, a true and correct copy of which is attached hereto as Exhibit B.

18. Candylab has refused and failed to sign the Agreement attached to the letter and pay damages thus leaving Plaintiff no alternative but to file this lawsuit.

### **FIRST CLAIM FOR RELIEF**

#### **(Trademark Counterfeiting and Infringement)**

19. The allegations set forth above are incorporated herein by reference.

20. The VW Microbus® trademark is inherently distinctive and also has acquired secondary meaning. The public associates the VW Microbus® trademark exclusively with VW. The distinctiveness of the VW Microbus® trademark has been fortified through extensive advertising and sales of VW's goods and services throughout the world.

21. Despite VW's well-known prior rights in the VW Microbus® trademark and without VW's authorization, Candylab has used counterfeits, copies, reproductions, or colorable imitations of the VW Microbus® trademark in connection with the advertisement, promotion, and sale of Candylab's goods and services.



22. Candylab's actions constitute trademark counterfeiting and willful infringement of Plaintiff's exclusive rights in the VW Microbus® trademark in violation of 15 U.S.C. § 1114.

23. Candylab's misappropriation of the VW Microbus® trademark or colorable imitations thereof has been and continues to be done with the intent to cause confusion and mistake, and to deceive consumers concerning the source or sponsorship of Candylab's products and services. Accordingly, this is an exceptional case and Plaintiff is entitled to treble damages, attorney fees, and other extraordinary remedies under 15 U.S.C. § 1117.

24. As a direct and proximate result of Candylab's conduct, Plaintiff has suffered irreparable harm. Unless Candylab is restrained from further infringement of the VW Microbus® trademark, Plaintiff will continue to be irreparably harmed.

25. Plaintiff has no adequate remedy at law that will compensate for the continued and irreparable harm it will suffer if Candylab's acts are allowed to continue. Candylab's acts affect and threaten to injure the interstate and foreign commerce of Plaintiff in the United States.

26. As a direct and proximate result of Candylab's conduct, Plaintiff is entitled to the equitable remedy of an accounting for, and disgorgement of, all revenues or profits wrongfully derived by Candylab from its infringing use of the VW Microbus® trademark pursuant to 15 U.S.C. § 1117. Alternatively, Plaintiff is

entitled to statutory damages pursuant to 15 U.S.C. § 1117(c) of not less than \$1,000 and not more than \$2,000,000 per counterfeit mark per type of goods sold, offered for sale, or distributed.

**SECOND CLAIM FOR RELIEF**  
**(False Designation of Origin)**

27. The allegations set forth above are incorporated herein by reference.

28. Candylab has knowingly used the VW Microbus® trademark, or counterfeits, reproductions, copies, or colorable imitations thereof, in connection with the products and services that Candylab promotes and sells.

29. By Candylab's unauthorized use of the VW Microbus® trademark, Candylab has used a false designation of origin that is likely to cause confusion, mistake, or deception as to the connection of Candylab with VW in violation of 15 U.S.C. § 1125(a).

30. Candylab has intentionally and willfully used false designations of origin, rendering this case exceptional within the meaning of 15 U.S.C. § 1117(a).

31. As a result of Candylab's conduct, Plaintiff has been irreparably harmed in its business. Moreover, Plaintiff will continue to suffer irreparable harm unless Candylab is restrained from making false designations of origin, false descriptions, or misrepresentations.

32. Plaintiff has no adequate remedy at law that will compensate for the continued and irreparable harm that will be caused if Candylab's acts are allowed

to continue.

33. As a direct and proximate result of Candylab's conduct, Plaintiff is entitled to the equitable remedy of an accounting for, and disgorgement of, all revenues or profits wrongfully derived by Candylab from its false designations of origin pursuant to 15 U.S.C. § 1117. Alternatively, Plaintiff is entitled to statutory damages pursuant to 15 U.S.C. § 1117(c) of not less than \$1,000 and not more than \$2,000,000 per counterfeit mark per type of goods sold, offered for sale, or distributed.

**THIRD CLAIM FOR RELIEF**  
**(Trademark Dilution)**

34. The allegations set forth above are incorporated herein by reference.

35. The VW Microbus® trademark is a famous trademark that is inherently distinctive and also has acquired substantial renown.

36. Plaintiff has extensively and exclusively used the VW Microbus® trademark in commerce.

37. Candylab's unauthorized and unlawful use of the VW Microbus® trademark as described above creates a substantial likelihood of dilution of the distinctive quality of the VW Microbus® trademark and of tarnishment of the VW Microbus® trademark in violation of 15 U.S.C. § 1125(c)(1).

38. As a direct and proximate result of Candylab's conduct, Plaintiff has suffered irreparable harm. Unless Candylab is restrained from further dilution of

the VW Microbus® trademark, Plaintiff will continue to be irreparably harmed.

39. Plaintiff has no adequate remedy at law that will compensate for the continued and irreparable harm it will suffer if Candylab's acts are allowed to continue.

### **PRAYER FOR RELIEF**

WHEREFORE, Plaintiff prays for judgment against Candylab as follows:

A. Under all claims for relief, that a permanent injunction be issued enjoining Candylab, its employees, partners, agents, successors, and assigns, and all those in active concert and participation with them, and each of them who receives notice directly or otherwise of such injunction, from:

(1) imitating, copying, or making unauthorized use of the VW Microbus® trademark, including, but not limited to, on their products, in their advertisements, or otherwise;

(2) importing, manufacturing, producing, distributing, circulating, selling, offering for sale, advertising, promoting or displaying any product or service using any simulation, reproduction, counterfeit, copy, or colorable imitation of any or all of the VW Microbus® trademark;

(3) using any simulation, reproduction, counterfeit, copy, or colorable imitation of the VW Microbus® trademark in connection with the

promotion, advertisement, display, sale, offering for sale, manufacture, production, circulation, or distribution of any service or product;

(4) using any false designation of origin or false description, including, without limitation, any letters or symbols constituting the VW Microbus® trademark, or performing any act, which may, or is likely to, lead members of the trade or public to believe that any service or product manufactured, distributed, or sold by Candylab is in any manner associated or connected with VW, or the VW Microbus® trademark, or is sold, manufactured, licensed, sponsored, approved, or authorized by VW;

(5) engaging in any other activity constituting unfair competition with Plaintiff with respect to the VW Microbus® trademark, or constituting an infringement of the VW Microbus® trademark, or of VW's rights in, or to use or exploit, any or all of the VW Microbus® trademark; and

(6) instructing, assisting, aiding, or abetting any other person or business entity in engaging in or performing any of the activities referred to in subparagraphs (1) through (5) above.

B. For an order directing that Candylab deliver for destruction all products, signs, labels, tags, prints, packages, videos and advertisements in their possession or under their control, bearing or using the VW Microbus® trademark or any simulation, reproduction, counterfeit, copy, or colorable imitation thereof,

and all plates, molds, matrices, and other means of making the same, pursuant to 15 U.S.C. § 1118.

C. For an order directing such other relief as the Court may deem appropriate to prevent the trade and public from deriving the erroneous impression that any service or product manufactured, sold, or otherwise circulated or promoted by Candylab is authorized by VW, or related in any way to VW's products or services.

D. For an order directing that Candylab file with the Court and serve upon Plaintiff's counsel within thirty (30) days after entry of such judgment, a report in writing under oath, setting forth in detail the manner and form in which Candylab has complied with the above.

E. For an award of Plaintiff's costs and disbursements incurred in this action, including Plaintiff's reasonable attorney fees.

F. For an order requiring Candylab to file with the Court and provide to Plaintiff an accounting of all sales and profits realized through Candylab's use of the VW Microbus® trademark.

G. For judgment in an amount equivalent to three times Candylab's profits, plus Plaintiff's reasonable attorneys' fees, because of Candylab's intentional, willful, and knowing use of counterfeits of the VW Microbus® trademark pursuant to 15 U.S.C. § 1117(b).

H. Alternatively, for an award of statutory damages pursuant to 15 U.S.C. § 1117(c) of not less than \$1,000 and not more than \$2,000,000 per counterfeit mark per type of goods sold, offered for sale, or distributed.

I. For an award of interest, including pre-judgment interest, on the foregoing sums.

J. For such other and further relief as the Court may deem just and proper.

Dated: June 29<sup>th</sup>, 2022

/s/ Gregory D. Phillips  
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